CORRUPTION: THE BANE AND FOE OF ECONOMIC DEVELOPMENT OF NIGERIA

ENOFE, A.O.
Department of Accounting,
Faculty of Management Sciences,
University of Benin, Benin-City,
Edo State, Nigeria.
E-mail: augustine@enofe.com

ODIBO, Osagunmwenrho .B.
Department of Accounting,
Faculty of Management Sciences,
University of Benin, Benin-City,
Edo State, Nigeria.
E-mail: meetnobleosas@yahoo.com

Abstract

This study investigates the impact of corruption on economic development of Nigeria. The three stage least square method (3SLS) was employed on the time series secondary data analysis covering 1986 to 2018. These data were obtained from institutional and organizational (Central Bank of Nigeria and World Development Index) database and publications. Four models were specified and these models examine the relationship between corruption and economic development. The study revealed that corruption significantly influences the economic development of Nigeria. The study therefore recommends that all the anti-corruption agencies should be strengthened financially and well equipped with trained personnel. Stiffer penalties should be melted on those involved in corrupt practices.

KEYWORDS: *Corruption perception index, economic development, anti-corruption campaigns, HDI and FDI.*

Introduction

Corruption with its various forms is generally believed to be the bane and foe of Nigeria economic development and it has devastated the country and destroyed its image among the comity of nations. It is now fast becoming a way of life in the country as integrity is now being eroded (Adegoke, 2017). That corruption is the foe of Nigeria economic development is plain to see. Nigeria is a country vouchsafe with great natural and human resources with crude oil and its products accounting for more than 80% of foreign exchange income which constitute about 80% of government sources of income. Despite its vast assemblage of resources, the Nigerian economy has witnessed stagnant growth and development in recent years as a result of endemic corruption (Dahida & Akangbe, 2013). Corruption is an anti-social behaviour conferring improper benefits contrary to legal and moral norms, and which undermines the authority's capacity to secure the welfare of all citizens (Aluko, 2009). One of the pressing challenges Nigeria is faced with in recent years is the issues of corruption and its incapacitating ancillaries, including bribery, grafter fraud, manipulations, indiscipline and favouritism. It has become so deep-scatted that development is shrunken in all sectors and the root cause of Nigeria's socio-economic backwardness (Folarin, 2009). Corruption puts the gear of a nation into a reverse position.

In Nigeria today, there is a general agreement among well concerned citizens and the world at large that corruption has unavoidably become a major impediment in the search for sustainable growth and development. Corruption in Nigeria is a war to war phenomenon that is killing all aspects of life and one of the dangerous social problems of any society. This is because corruption is a deadly cancer that attacks the cells and systems that aid accelerating functioning of the society, thereby, putting its very survival into serious jeopardy (Adeagbo, 2015). It is further agreed that it must be halted before it shut down the economy (Ajie & Gbenga, 2015). Lawal and Tobi (2006) noted that Nigeria presents a typical case of a country in Africa whose development has been undermined and retarded by the menace of corrupt practices. According to president Buhari at the anti-corruption summit in London 2016, corruption is a canker worm in the social and economic fabrics of all countries. Nigeria today is at a critical stage since independence. The country faces severe crisis in its economic development that is not unconnected to the problem of pandemic corruption (ogundiya, 2009). Lawal and Tobi (2006) went further to establish that within the context of Nigeria state, successive governments have realized the problem posed by corruption to socio-economic and political development of the country. This realization led to making series of attempts at combating corruption. Ola, Mohammed and Audi (2014) posited that as one of the attempts to combat corruption and build up the economy, Nigeria began insistent pursuit of economic and fiscal reforms by way of privatization, banking industry reforms anti-corruption laws and campaigns and provision of transparent and clear fiscal standard since the return to democracy in 1999. The utmost objective of these refinements is to make the economic environment conducive for developmental decision implementation.

However, this has not been effective as anticipated as fighting corruption in Nigeria is like preventing a monkey from eating banana. Corruption undermines the ability of countries to finance development. It is worse than prostitution. The latter might endanger the morals of an individual the formal invariably endangers the morals of an entire nation (Lumumba, 2011).

Statement of the Problem

There have been series of researches on this area of study **(**Woo and Heo 2009; Spyridon, n.d; Dahida and Akangbe, 2013; Hashen, 2014; Adeagbo, 2015 & Hossain, 2016) with tremendous and result driven recommendations. Theories (agency theory, utilitarianism theory and so) have been propounded which serve as eye-opener on the causes, effects and how to curb the cancer called corruption. Despite all these recommendations and theories, corruption still remains glued to the economic fabric of Nigeria. This has affected all aspects of economic development of Nigeria both in the public sector and private sector.The fight against corruption in Nigeria over the years has not been effective despite the claims by the Mohammadu Buhari led government that it is making a progressive headway. Global anti-corruption watch dog, Transparency International ranked Nigeria low in its 2018 corruption perception index (CPI) ranking. Nigeria is the 144 most corrupt nation out of 180 countries as opposed to 148 position in the 2017 ranking, Nigeria is still perceived as highly corrupt, and has neither improved nor progressed in the perception of corruption in the public administration in 2018. The persistent rise in the level of corruption in Nigeria necessitated this study. In the light of the above, the study shall answer to the following questions:

- What is the impact of corruption on economic development of Nigeria?
- What is the impact of corruption on foreign direct investment?
- How does corruption influence Human Capital Development?
- What is the impact of corruption on government expenditure?

Research Objectives

- To determine the impact of corruption on economic development of Nigeria.
- To establish the impact of corruption on foreign direct investment.
- To determine how corruption influences Human Capital Development.
- To determine the impact of corruption on government expenditure.

Research Hypotheses

H_1 Corruption has no significant impact on economic development of Nigeria.
H_2 Corruption has no significant influence on foreign direct investment.
H_3 Corruption has no significant influence on Human Development Capital.
H_4 Corruption has no significant influence on government expenditure.

2.0 Literature Review

2.1 Concept of Corruption.

The history of corruption is as old as the world because ancient civilization has traces of widespread illegality and corruption (Aluko, 2009). Corruption has no universal definition as it may stand different meaning to another person depending on its context. World Bank defined corruption as the abuse or misuse of public office for private gains. This definition depicts the situation as a threat that exists only in the public sector. However, a curious look at the reality posits that corruption is pervasive in both the public and the private sectors across all nations (Ipadepola, 2016). Ogbuke and Enojo (2007) sees corruption as a behaviour that is illegal and dishonest prominent with persons in authority or the act of change from upright to unethical standards of behaviour. In the work of Kolade (2001), corruption was seen as the abuse of an influential position for private gain and as the exploitation of a system for security unmerited advantage. Sunkanmi and Isola (2014) viewed corruption as securing power wealth through illegal means for private gain at public expense, or a misuse of public power for private benefit. Transparency International defines corruption as the abuse of entrusted power for private gain. It can be classified as political, petty and grand, depending on the level it was perpetrated. In my own view, corruption is the distortion of due process for personal gain.

According to Hoffmann and Patel (2017), many Nigeria's pressing concerns including slow economic recovery, grinding poverty and insecurity have been exacerbated and prolonged by corruption. They also stressed that the issues of corruption have continually hegemonized the politics of Nigeria since her return to civilian government in 1999, and past governments have employed different means to combat the menace. In spite of so much efforts, Nigeria has consistently ranked poorly on corruption perception index by Transparency International. Nigeria ranked 144 of 188 nations assessed in 2018, a sign of the situation's prevalent and the level of the challenge of tackling it.

Corruption has existed with human society for a long time and remains as one of the problems in many of the world's developing economies with devastating consequences. According to Delia Ferreira Rubia of Transparency International, corruption is much more likely to flourish where democratic foundations are weak and as we have seen in many countries, where undemocratic and populist politicians can use it to their advantage. It has been argued that Nigeria currently is richly endowed with qualitative human and natural resources but yet to find an appropriate and rightful place among the comity of nations in the world. One major reason that has accounted or responsible for this situation (socio-economic stagnation) is attributable to corruption and all effort geared at stemming the tide appears to be unsuccessful and problematic (Okolo, 2016).

2.2 Effects of Corruption

The negative impacts of corruption in Nigeria are enormous. This ranges from underdevelopment, basic infrastructure absence, misuse of natural resources resulting to massive poverty, clueless leadership and cluelessness in professionalism, youth hopelessness and high level of unemployment, low standard of education resulting to low-quality of graduates (Ijewereme, 2015). Adegoke (2017) agreed that corruption by Nigeria has caused the country severe losses economically, politically and socially, and these facts are responsible for decayed infrastructure, downturn of indicators of nation development. As a result of corruption, there is increase of production cost, decrease of national and foreign investment, inefficient allocation of national sources, increase of inequality and poverty in the society, or uncertainty in the decision making (Jajkowicz & Drobiszova, 2015).

Collier (2002) averred that high levels of corruption have a major economic negative effect on all aspects of development as it reduces all aspects of economic output and reduces the formation of capital. It also affects the rule of law of the state-the higher the corruption level, the weaker the rule of law. It also has effects on the inequalities of the state, educational output, availability of economic sources of investment, particularly domestic savings and foreign direct investment.

Obuah (2010) was more pungent in reporting that corruption accounts for more than 20% of Gross Domestic Product of Nigeria and for recent years, Nigeria has consistently been almost at the bottom of corruption perception index by Transparency International. It slows GDP growth and adversely affects capital accumulation. It is the cause of the issues such as crisis in legitimacy and governance, building sustainable democratic order, citizens' welfare and economic development (Odeh, 2015).

2.3 The Concept of Economic Development

Development is the process by which human maximizes his control over the appropriate utilization of material resources which nature endowed him with. This development is attained through the maximum utilization of economic developmental policies and programmes (Nwanosike, Kalu, Ogbuabor, Uzoechina & Ebenyi, 2016). Development has no standard definition as various people look at it from different context. According to Osita (2016), many scholars argued that development does not just involve the building of sky-scrapers and bridges by applying foreign technology in major cities, but exploiting local resources using indigenous skills for sustained economic development process. Uzoigwe (2007) noted that there is a general thought that economic development in any nation depends on the quality and quantity of resources (non-renewable and renewable), technological state and efficient and effective utilization of resources in the manufacturing and consumption process. Developing countries that are rich in resources are faced with the challenge and responsibility to ensure that the accruable benefits from the resources gets to the poor. Nwanosike et al. (2016) posited that in pursuit of increased material welfare and well-being for the citizen, various governments had over time embarked upon numerous developmental policies, plans, programmes and projects.

Economic development is simply viewed as increased output, increased efficiency in generating output and changes in the institutional and technical arrangements by which these outputs are manufactured and distributed (Satope & Akanbi, 2014). According to Olajide (2004) cited in Satope and Akanbi (2014), the process by which there is an increase in the real per capita income over a long period of time is economic development.

2.4 Corruption and Economic Development

These are two parallel lines that can never meet. In fact, the former is a confirmed enemy of the latter and there is nothing anybody can do about it. Nigeria presents a typical case of the country in the world whose development has been undermined and retarded by the menace of corrupt practices (Gbenga, 2007). According to Kasun (2007) cited in Enofe, Onyeokweru and Onobun (2015) observed that corrupt practices are common in developing countries and have negative impact on their economic development. Corruption is a virus, plague and disease spreading through nations and these affected nations need to be immunized. It is an evil tool utilized by the powerful and wealthy in developing nations to make themselves more powerful and richer (Ola et al., 2014). Nigeria has all it takes to achieve sustainable development because she is richly endowed with human and natural resources particularly oil and gas (Ogege, 2014 & Adegoke, 2017).

Foreign direct investment inflows have been one of the major development financing option often relied upon by the developing countries particularly countries within the Africa sub-Sahara region to drive their stunted economies to a sustainable development (Ajide, 2014). The foreign direct investment inflows have not yielded positive input in the economic development of Nigeria due to endemic corruption. Despite developmental capabilities and enormous disposition of resources, the Nigerian economy is still witnessing a period of staggering economic development. This has partly been blamed on gross mismanagement and corruption in the utilization of the country's vast endowed resources. Nigeria has witnessed a diminution of material resources for personal gains, supported by unmitigated levels of private aggrandisement and self-exaltation at different levels by leaders (Awofeso & Odeyemi, 2014).

2.5 Corruption and Foreign Direct Investment (FDI)

There have been arguments on how corruption affects the attractiveness of foreign direct investment (FDI). Some researchers claim that as a result of arbitrariness, corruption increases the uncertainty in the economy, thereby affecting FDI negatively (Woo & Heo, 2009). Hasan, Rahman and Iqbal (2017) define Foreign Direct Investment (FDI) as investment in share equity with a base holding of 10% along with an objective of lasting managerial interest and ownership. Foreign Direct Investment is an important source of revenue generation for developing countries and less developed countries.

Foreign direct investment (FDI) plays a crucial role in driving growth of developing nations. FDI can fill a minimum of three "development gaps"—firstly, the "investment gap" by providing investment capital; secondly, the "foreign exchange gap" by providing export earnings and investments through foreign currency exchange transactions; and finally, the "tax revenue gap" through economic activities that generate tax revenue. Domestic investment can also be generated by foreign direct investment through local market competition, facilitate transfer of managerial skills and technology, modern job opportunities creation, easy access to global market commodities for export etc. which eventually contribute to the host countries' economic growth (Quazi, Vemuri & Soliman, 2014).

According to Hasan et al. (2017), corruption and foreign direct investment have different relationships in different countries. In their work, corruption negatively affects foreign direct investment (FDI) in India while in China, there was a positive impact of corruption on FDI. Quazi et al. (2014) averred that corruption affects FDI inflows to Africa positively due to weak regulatory framework. They went further to suggest that establishing good governance is very important to developing countries and finding the loopholes utilized by government officials to carry out corrupt practices. The main findings of Woo and Heo (2009); Hossain

(2016) posited that corruption has a negative impact on FDI. They recommend that government should take concrete actions to reduce corruption and strengthen the capacity of the institutions to combat corruption to ensure economic emancipation and competitiveness.

2.6 Corruption and Government Expenditure

In a country in which governments are less concerned about the welfare of their citizens, politicians find it easier to spend more public resources on those items on which it is easier to levy large bribes and maintain them secret (Mauro, 1998). It is obvious that government efficiency and effectiveness is decreased by corruption and resources meant for poverty reduction is diverted to unscrupulous projects which results in general economic inefficiency. The gap between the poor and the rich is widened by corruption and economic growth rate is slowed down. It deprives the poor of opportunities for income generation or capital-intensive projects which are favorable by distorting the incentive structure (Timofeyev, 2011). Hashen (2014) concluded that defense expenditure is positively significant to the level of corruption. This is due to the fact that expenditure on defense is difficult to monitor as it involves the purchase of high technological equipment. The case of Sambo Dansuki the National Security Adviser to former president Goodluck Jonathan is a good example of corruption involving expenditure ($2.1bn) on defense for the purchase of arms to fight against Boko Haram but were never purchased. Further, expenditure on education and health was found to be reduced by corruption. This is attributable to the fact that their provisions do not require the acquisition of sophisticated equipment provided by domestic or international oligopolies and monolopy. Hessami (2010) suggest that with an increase in corruption, the shares of spending on health and environmental protection increase, while the shares of expenditures on social protection and recreation, culture and religion decline.

2.7 Corruption and Human Capital Development

Human Capital Development is the steam engine that ensures national growth and development while Corruption undermines the growth and development of a nation. Nigeria can hardly achieve the economic policy projection to become one of the twenty (20) most industrialized nations by year 2020 when corruption constitutes serious impediment to human capital development (Chiekezie, Nzewi & Emejulu, 2016). The statistics of World Bank poverty clock opined that the acclaimed giant of Africa is the headquarters of poverty in the world. The outlook for the poverty alleviation in Nigeria is currently weak. Today extreme poverty increases by nearly six people every minute in Nigeria. Nigeria has a Gross Domestic Product of about $397,270 million as at 2018 and population of over 180million people, it still remains in absolute and extreme poverty. Nigeria is ranked very low in Human Development Index (Adegoke, 2017) as more than 50% of the population cannot feed on one Dollar per day. Spyridon (2016) concluded that corruption negatively affects human capital build up. He further averred that even if physical capital investment does not simulate incentives for more education, corruption should be tackled, or else, there will be reduction on both physical and human capital accumulation which will negatively affect economic growth.

3.0 METHODOLOGY

To provide answers to the research questions above, the three stage least square method (3SLS) was employed on the time series secondary data analysis covering 1986 to 2018. These data were obtained from institutional and organizational (Central Bank of Nigeria and World Development Index) database and publications.

3.1.1 MODEL SPECIFICATION

This study examined economic development (GDP) as a function of corruption. Corruption is thus proxied by Corruption Perception Index (CPI).

The following models are specified and shall be used to analyze the data collected.

$GDP = \beta0 + \beta1CPI + \mu$,

$FDI = \beta0 + \beta1CPI + \mu$,

$HDI = \beta0 + \beta1CPI + \mu$,

$GEX = \beta0 + \beta1CPI + \mu$

Where: GDP = Gross Domestic Product.

CPI = Corruption perception index.

FDI = Foreign Direct Investment.

HDI = Human Development Index

GEX = Government E μt = Error term. $\beta0 \ldots \beta4$ = Regression coefficients of the model

3.1.2 PRESENTATION AND ANALYSIS OF DATA

Descriptive Statistics

Table 3.1 Summary of Descriptive Statistics

	GDP	CPI	FDI	HDI	GEX
Mean	30.90611	13.42242	3.065709	124.3951	20.29881
Median	11.33225	12.71352	1.885809	64.782152	10.18178
Maximum	10.82175	31.41	8.84609	39.04248	62.98129
Minimum	20.24362	1.91	1.933208	0.225005	16.2237
Std. Dev.	17.00241	9.399743	2.572409	100.1029	12.69932
Skewness	0.966104	0.381668	0.924586	0.861234	0.672104
Kurtosis	2.430269	1.781714	2.637725	2.123833	1.898013
Jarque-Bera	5.579781	2.841989	4.882189	5.135023	4.154243
Probability	0.061428	0.241474	0.087066	0.076726	0.02529
Sum	4432.914	1021.9901	1233.0311	6698.6037	4105.0338
Sum Sq. Dev.	14.383210	28.274365	12.113220	64.62339	31.412908
Observations	33	33	33	33	33

Source: Author's Computation using Eviews 9.0

The table 3.1 shows a detailed account of the descriptive statistics for the explained and explanatory variables respectively. The mean values of all the variables as shown in the table ranges from minimum of 3.07 for foreign direct investment to a maximum of 124.40 for human development index. The average economic development as proxied by GDP is about 30.91 with standard deviation of 17.01. In respect of corruption level as proxied by CPI, the mean value is 13.42 with a standard deviation of 9.39. This shows that there is large variation in the level of corruption in Nigeria. The analysis of foreign direct investment shows a mean value of 3.07 with the value of standard deviation of 2.57. The mean value of human development index is 124.40 and its standard deviation of 100.10. Finally, the mean value of government expenditure is 20.30 and its standard deviation is 12.69.

Skewness is a measure of asymmetry of the distribution of the series around its mean. Furthermore, the skewness of a normal distribution is zero. Positive skewness implies that the distribution has a long right tail and negative skewness implies that the distribution has a long-left tail. From the above table we observe that GDP, CPI, FDI, HDI and GEX all have positive skewness and as such they have long right tails. Similarly, kurtosis measures the peakedness or flatness of the distribution of the series. If the kurtosis is above three, the distribution is peaked or leptokurtic relative to the normal and if the kurtosis is less than three, the distribution is flat or platykurtic relative to normal. From table 3.1 above, it is observed that GDP, CPI, FDI, HDI and GEX are all below three, therefore this suggest that these variables are flat or platykurtic.

Finally, Jarque-Bera is a test statistic to test for normal distribution of the series. It measures the difference of the skewness and kurtosis of the series with those with normal distribution. From the table 3.1 above, the Jarque-Bera for GDP, CPI, FDI, HDI and GEX are 5.58, 2.84, 4.88, 5.14 and 4.15 respectively. These results show that all the variables except CPI and are normally distributed.

3.2 Unit Root Test

Table 3.2: Augmented Dickey Fuller Unit Root Test

Variables	ADF Test Statistic	1% critical values	5% critical values	10% critical values	Order of integration	Remarks
D(GDP)	-4.193939	-3.670170	-2.963972	-2.621007	I(1)	Stationary
D(CPI	-6.600496	-3.661661	-2.960411	-2.619160	I(1)	Stationary
FDI	-6.470694	-3.661661	-2.960411	-2.619160	I(1)	Stationary
HDI	-5.056816	-3.661661	-2.960411	-2.619160	I(1)	Stationary
GEX	-4.092136	-3.670170	-2.963972	-2.621007	I(1)	Stationary

Source: Author's computations using EViews 9.0

Considering the ADF test statistics at 1% and 5% critical values above, it is observed that ADF statistical test for all the variables were all greater than their critical values. Thus, the series are said to be stationary at that first difference. Hence, the variables are integrated of the same order; I (1).

3.3 Co-integration Test

Table 3.3: Johansen Co-integration Test

Hypothesized No of CE(S)	Eigen Value	Trace statistic	0.05critical value	Prob**
None *	0.803125	114.9212	69.81889	0.0000
At most 1 *	0.615090	64.54042	47.85613	0.0007
At most 2 *	0.491104	34.94328	29.79707	0.0117
At most 3	0.362001	14.00244	15.49471	0.0829
At most 4	0.002270	0.070445	3.841466	0.7907

The result of Johansen Co-integration Test above shows that there are three (3) co-integrated vectors since their trace statistics were greater than their critical value at 5% level of significance. The test result shows the existence of a long-run equilibrium relationship among the variables used in the study.

3.4 Presentation and Discussion of Regression Results

Table 3.4: Systems Three Stage Least Squares Result

Variables	Coefficient	Std. Error	t-statistic	Prob
C (1) Intercept	1.54	0.297	5.19	0.0000
C (2) GDP	2.15	0.415	5.17	0.0000
C(3) FDI	-1.13	0.291	-3.90	0.0002
C(4) HDI	-1.15	0.983	-1.17	0.4314
C(5) GEX	5.20	3.711	3.40	0.0109

GDP = 1.54 + 2.15*CPI
R^2 = 0.76 Adjusted R^2 = 0.71 DW = 1.81

FDI = 1.54 – 1.13*CPI
R^2 = 0.64 Adjusted R^2 = 0.59 DW = 1.94

HDI = 1.54 – 1.15*CPI
R^2 = 0.82 Adjusted R^2 = 0.79 DW = 1.99

GEX = 1.54 + 5.20*CPI
R^2 = 0.73 Adjusted R^2 = 0.68 DW = 2.06

From the above table 3.4, the 3SLS systems model shows that the coefficient of determination (R^2) for the first model is 0.76 and this shows that about 76 percent variations in the GDP were explained by the corruption level. Also, its adjusted counterpart is 0.71

which shows that about 71 percent growth in the GDP in Nigeria can be attributable to corruption level. The coefficient of determination (R^2) for the second model is 0.64 and this shows that about 64 percent variations in the foreign direct investment were explained by the corruption level. Also, its adjusted counterpart is 0.59 which shows that about 59 percent growth in foreign direct investment in Nigeria can be traced to corruption level. The result also shows that the coefficient of determination (R^2) for the third model is 0.82 and its adjusted counterpart is 0.79. Finally, the findings also show that the coefficient of determination (R^2) for the fourth model is 0.73 and its adjusted counterpart is 0.68.

The 3SLS systems for model one shows that the coefficient of CPI is 2.15 and this shows that a unit increase in corruption level will result to about 2.15 unit increase in the GDP in Nigeria. Also, its t-value is 5.17 and it shows corruption has significant impact on GDP in Nigeria. The results for the second model show that the coefficient of CPI is -1.13 and this indicates that a unit increase in CPI will result to about 1.13 unit decrease in foreign direct investment in Nigeria. Similarly, its t-value is -3.90 and it shows that corruption has significant impact on foreign direct investment in Nigeria. The finding also shows that a negative relationship exists between level of corruption and human development index in Nigeria as evident by the coefficient of -1.15 and its effect is insignificant as shown by t-value of -1.17 respectively. Finally, the fourth model shows that CPI was found to have a positive and significant impact on the government expenditure in Nigeria. This is evident by the coefficient of 5.20 and the t-value of 3.40. The results from Durbin-Watson statistics for all the models indicate that there is no autocorrelation in the model. This is evident by 1.81, 1.94, 1.99 and 2.06 respectively.

3.2 HYPOTHESES TESTING

This result presented in this section is generated from the regression analysis used to test the hypotheses of the study stated in chapter one. The result of the regression analysis used to test the hypotheses of the study is presented in table 3.2 above;

Hypothesis 1

H_1: corruption has no significant influence on economic development of Nigeria.
From the above findings, corruption level was found to be positively significant at 5% level as evident by the first model. This indicates that corruption significantly affects economic development as proxied by GDP in Nigeria. This provided grounds for rejecting the null hypothesis one which stated that corruption has no significant influence on economic development of Nigeria.

Hypothesis 2

H_1: corruption has no significant influence on foreign direct investment of Nigeria.
From the above findings, corruption was found to be negatively significant at 5% level as evident by the second model. This indicates that corruption significantly affects foreign direct investment in Nigeria. This provided grounds for rejecting the null hypothesis two which stated that corruption has no significant impact on foreign direct investment of Nigeria.

Hypothesis 3

H_1: corruption has no significant influence on human development index in Nigeria.

From the above findings, corruption was found to be negative at 5% level and its effect is insignificant as evident by the third model. This validates that corruption does not significantly affect human development index in Nigeria. This provided grounds for accepting the null hypothesis three which stated that corruption has no significant effect on human development index in Nigeria.

Hypothesis 4

H_1: corruption has no significant influence on government expenditure in Nigeria.

From the above findings, corruption was found to be positive and significant at 5% level. This shows that corruption significantly affects government expenditure in Nigeria. This provided grounds for rejecting the null hypothesis four which stated that corruption has no significant influence on government expenditure in Nigeria.

4. Summary of findings

Hypotheses 1 indicates that economic development is significantly affected by corruption. It was found to be significant at 5% level as evident by the first model and therefore rejecting the null hypothesis that corruption has no significant impact on economic development. In hypothesis 2, corruption was found to be negatively significant at 5% level as evident by the second model. This indicates that foreign direct investment is significantly affected by corruption and thereby rejecting the null hypothesis formulated. In hypothesis 3, corruption was found to be negatively insignificant at level 5% as evident by model 3, validating that corruption does not significantly affect human development index in Nigeria, thus, accepting the null hypothesis that corruption does not influence human development index. Finally, in hypothesis 4, corruption was found to be positively significant at level 5% as evident in model 4. This shows that corruption significantly affects government expenditure in Nigeria, thus, rejecting the null hypothesis that corruption has no significant effect on government expenditure.

5.0 Conclusion and Recommendation.

Saying Nigerians are corruption is stating the obvious. Corruption has become the normal way of life in Nigeria. In fact, it has grinded every aspect of economic development and making a mockery of efforts put together to combat the menace of this canker worm that has eaten deep into the fabrics of the nation. The study therefore recommends the following

- The anti-corruption agencies should be properly funded to discharge its functions and shun the tendency to corrupt.
- Forensic accounting unit should be created for these agencies so as to enhance investigative skills of the personnel.
- The judiciary should be strengthened to remove the bottleneck militating against the discharge of its functions.
- Stiffer penalties should be melted on those convicted of corrupt practices.
- The culture of transparency and accountability should be encouraged.
- Honesty and integrity should be encouraged in all sectors of the economy.
- Political office entitlement and compensations should be made less juicy.

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